EXHIBIT "A"

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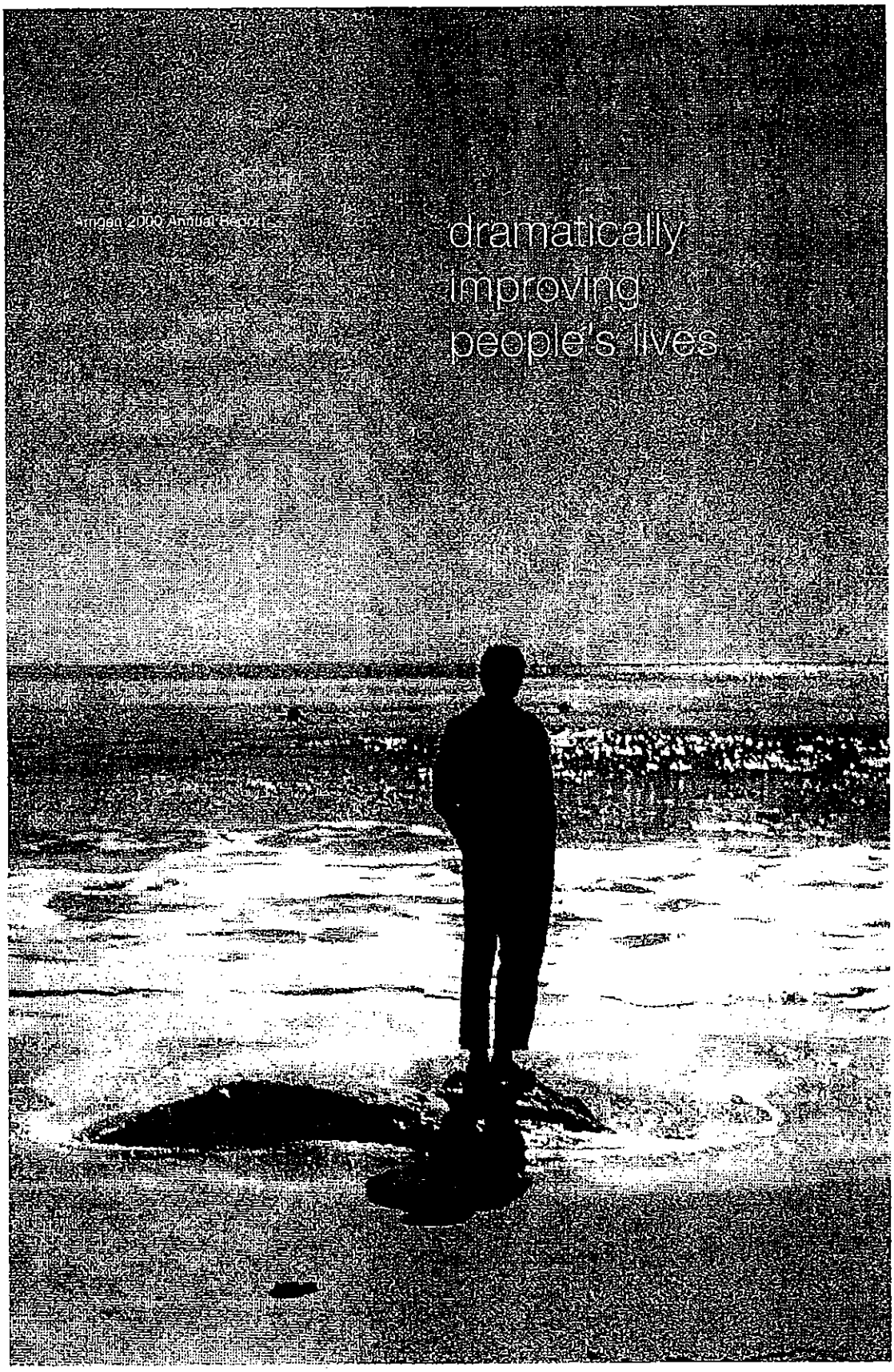
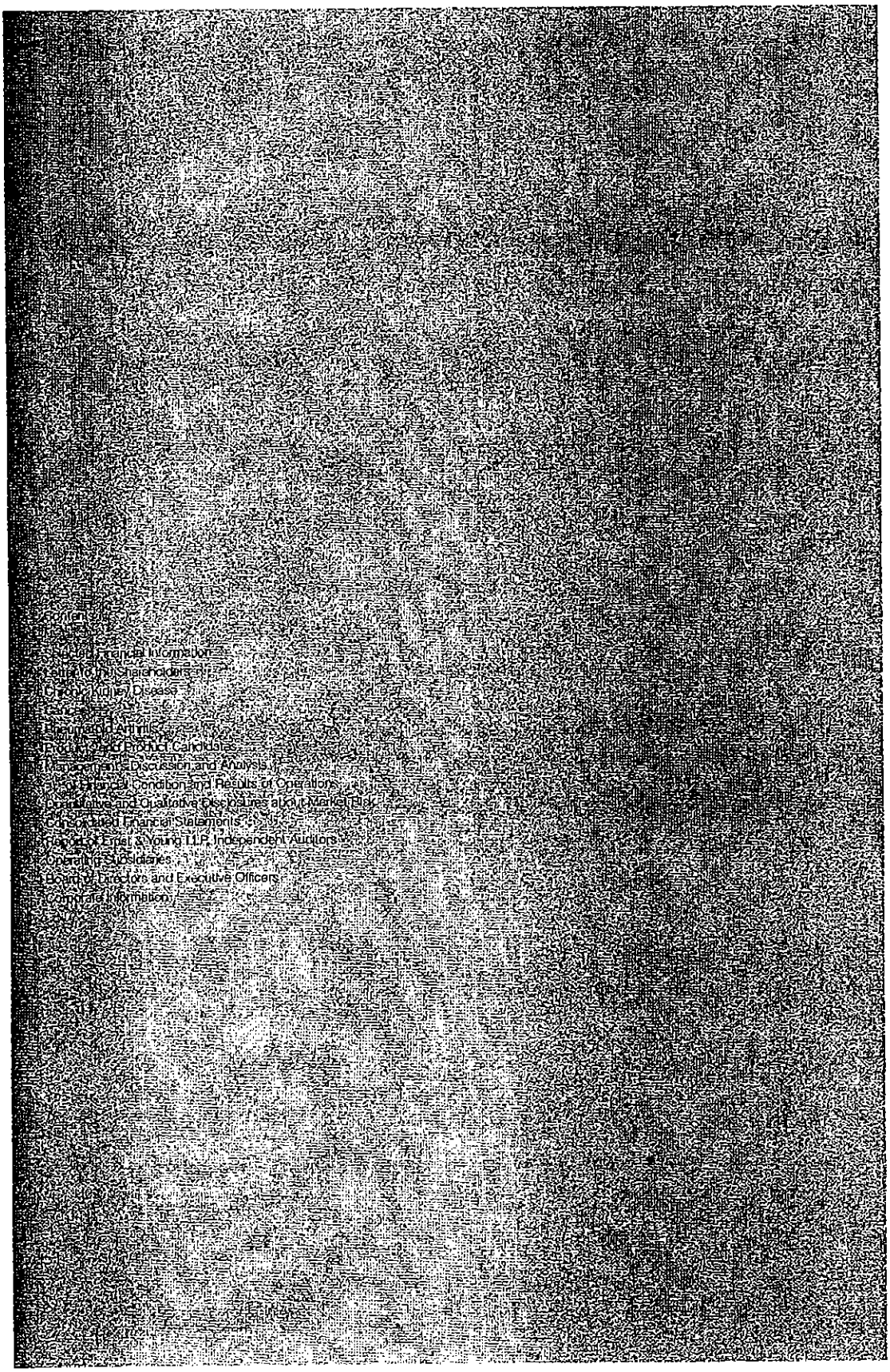
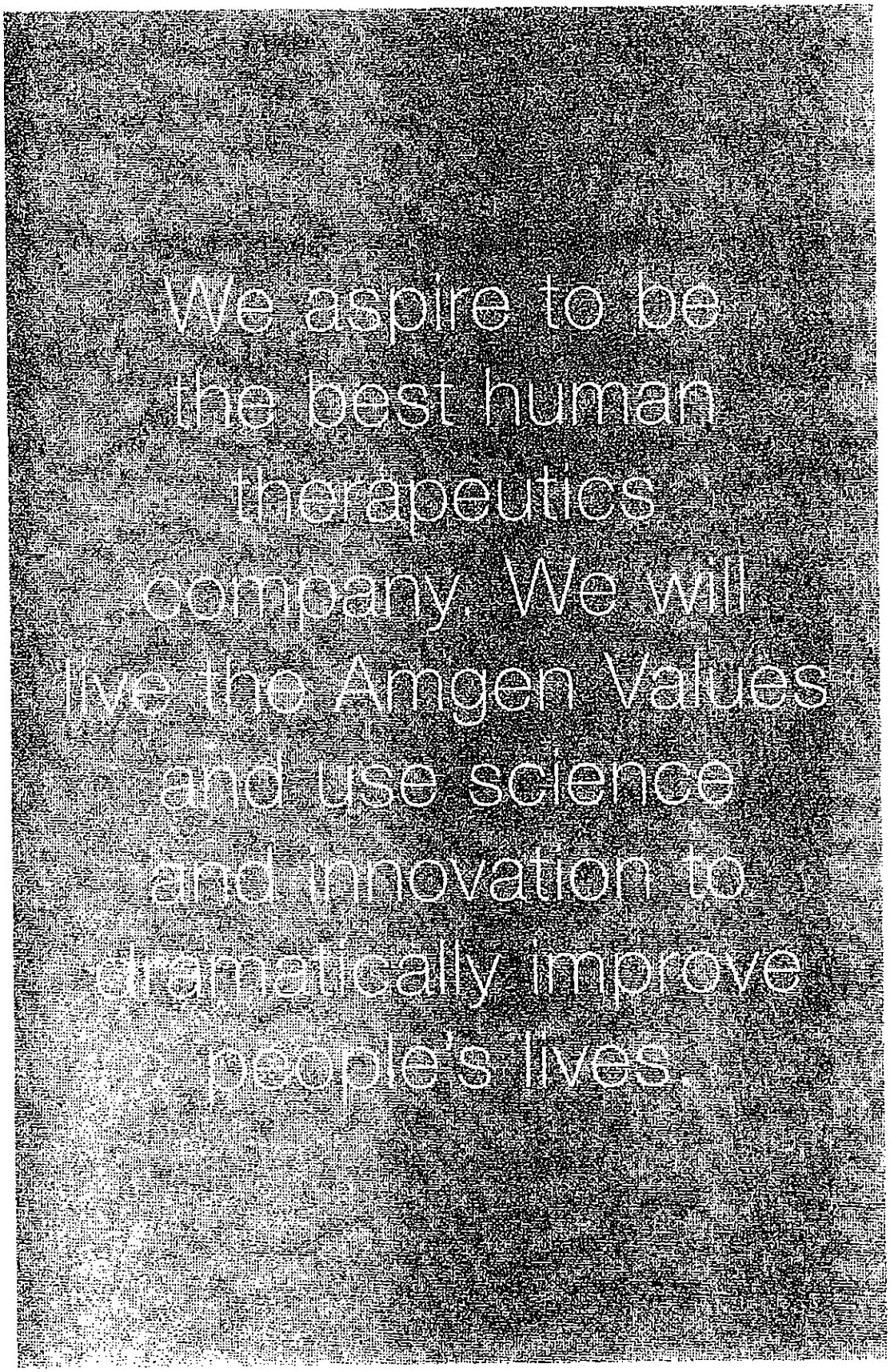
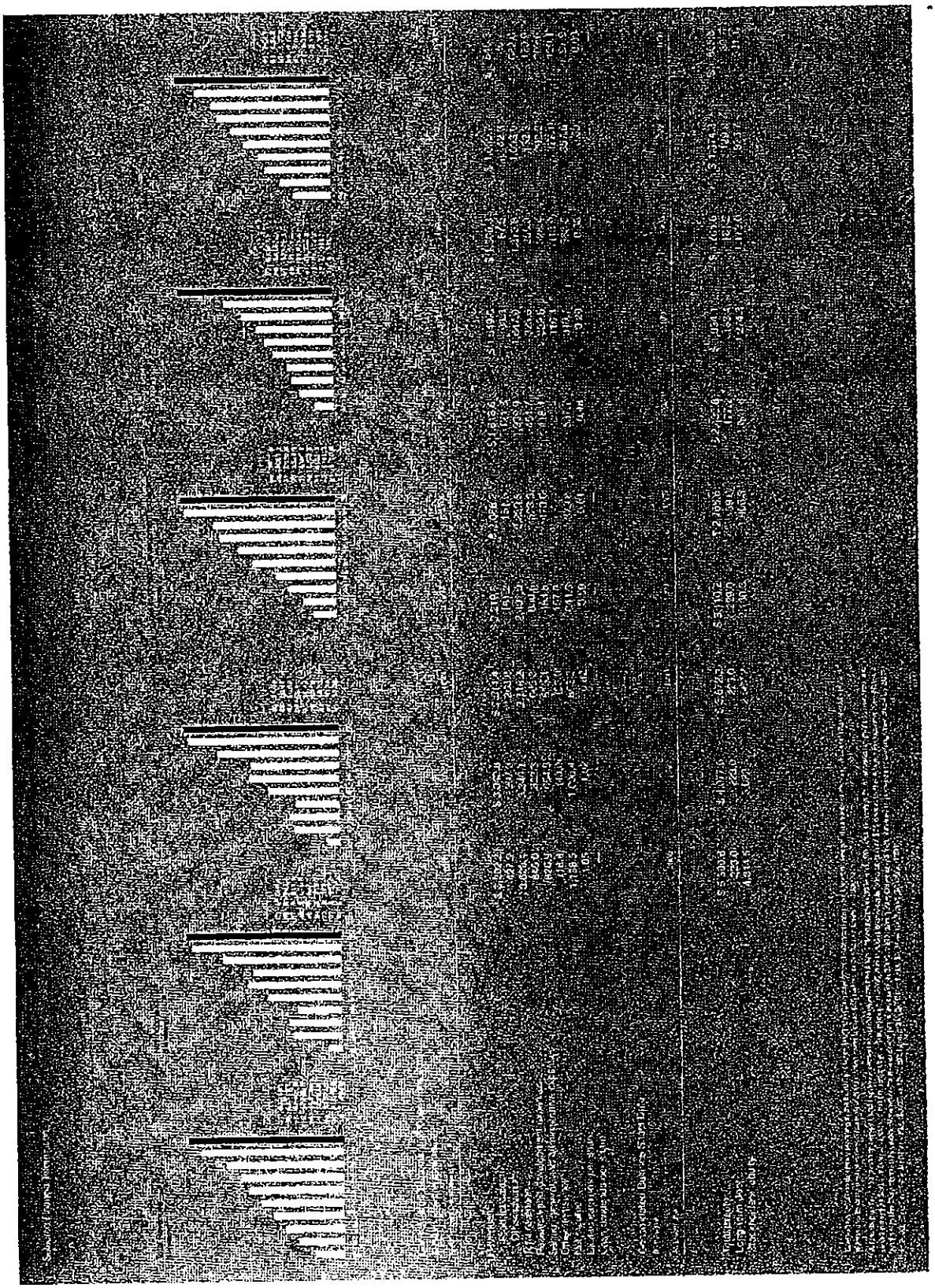
EXHIBIT "B"



vitality
freedom
determination
confidence
independence
agility




We aspire to be
the best human
therapeutics
company. We will
live the Amgen Values
and use science
and innovation to
dramatically improve
people's lives.



DEAR FELLOW SHAREHOLDER:

Amgen Values
- Be science-based
- Work in teams
- Compete intensely and win
- Create value for patients, staff, and stockholders
- Trust and respect each other
- Collaborate, communicate, and build consensus
- Ensure quality
- Be ethical

The year 2000 was one of accomplishment and growth for Amgen, and the future has never looked more promising. This year is off to a great start with our recent victory in the Aventis/TKT litigation regarding erythropoietin in the U.S. District Court. In the next five years, we hope to more than double the size of the company in terms of revenues and products on the market. We also will substantially expand the number of patients we serve and the size of Amgen's staff. There are challenges, to be sure, in meeting our goals, but we are confident that we have the people, the strategy, and the resources necessary to make our future even brighter than our past.

Reviewing the significant progress Amgen made toward each of the six goals established by our executive management team after I became CEO last May provides a good summary of our recent progress and plans for the future.

The first goal was to align the company around a shared aspiration built from a common set of values. We reaffirmed our commitment to eight fundamental Amgen values developed several years ago: be science-based; work in teams; compete intensely and win; create value for patients, staff, and stockholders; trust and respect each other; collaborate, communicate, and build consensus; ensure quality; and be ethical.

As a company, we also worked hard to develop a shared aspiration. The pace of scientific innovation and medical understanding is accelerating every day, making a technology-based foundation too limiting for us. At the same time, the competitive landscape is changing as the industry restructures and competition for innovative therapeutics increases in intensity. In the face of these and other changes, we strongly agreed—as a company—that one approach would serve us enduringly: *focus our efforts on using science and innovation to dramatically improve people's lives.* Broadening this thought, we agreed on a shared aspiration to become the world's best human therapeutics company.

There is no single definition that captures what we mean by "best." We know it includes delivering a stream of innovative products that dramatically improve people's lives, being a place where the best people choose to work, and outperforming our peers in delivering value to shareholders. By adopting such a broad aspiration, we are committing ourselves fully to improving continuously along every important dimension of Amgen's activities.

The second goal was to prepare to launch a stream of new products beginning in 2001, with a particular focus on ARANESP™ (darbepoetin alfa). Depending upon regulatory approvals, we could launch four new products in the next 18 months — ARANESP™, anakinra, abarelix-depot, and SD/01. That is why we have spent heavily on clinical development to ensure our products' characteristics are widely and thoroughly tested and documented. We have prepared and submitted regulatory filings around the world to obtain the fastest and best approvals possible. We have worked hard to understand physicians' and other providers' attitudes to be sure our messages will be persuasive and reimbursement will be available, and we have built new field forces to ensure that our voice is heard.

We believe ARANESP™ represents a new standard of care for treating anemia in chronic renal failure, and in other settings. Amgen is determined to become the world leader in treating patients with all types of anemia, one of the most under-recognized and under-treated of diseases. We estimate the worldwide anemia market could be as large as $10 billion by 2005. Introducing ARANESP™ globally gives it the potential to be Amgen's biggest product ever.

Anakinra, interleukin-1 receptor antagonist (IL-1ra), is the cornerstone of our inflammation franchise. We estimate the market for biological therapies in rheumatoid arthritis could

Kevin W. Sharer
Chairman,
Chief Executive Officer,
and President

reach $3 billion by 2005. Anakinra is unique in that it will be the only therapy that mitigates inflammation and reverses or reduces joint destruction by specifically blocking IL-1, a pivotal cytokine.

Abarelix-depot is a prostate cancer treatment with a novel mechanism of action that will distinguish it from other available therapies. In clinical trials, abarelix-depot rapidly reduces testosterone and follicle-stimulating hormone levels without the troubling testosterone surge associated with other treatments. Abarelix-depot will compete in the hormonal therapy market for prostate cancer estimated to reach $1.5 billion by 2005 and is expected to be an important addition to our oncology franchise.

SD/01 is a longer-acting and therefore a less-frequently administered form of NEUPOGEN® (Filgrastim). We expect SD/01 to help more people successfully get through chemotherapy and stay out of the hospital by making protection from infection simpler with a once-per-cycle, "one-size-fits-all" configuration. Phase 3 trials of SD/01 have been completed, and we expect to file for regulatory approval of this therapy in the first half of 2001.

Our third goal was to expand our research and development capabilities, and grow and advance the product pipeline. R&D is the core of Amgen, and we made good progress in expanding our activities. We defined more clearly where to direct our discovery resources, added significant talent and leadership to our scientific and medical staffs, and grew our pipeline. Our core technology base is in large molecules. Our plan is both to protect and enhance this strength, by expanding to monoclonal antibody therapeutics, while continuing to grow our small molecule capabilities. We believe this three-modality approach is the one that best enables Amgen to capitalize on the increased understanding of disease mechanisms and therapeutic targets emerging in the postgenomic era.

Our acquisition of Kinetix Pharmaceuticals was an important step in continuing to build our small molecule capabilities. Choosing disease areas around which to cluster our product development activities was another important step. Increasing our R&D spending to nearly $1 billion in 2001, up from approximately $850 million in 2000, is yet another key toward achieving this goal.

We are very pleased with our pipeline progress. One product application was filed in the U.S., and applications for two products were filed in the European Union, Canada, Australia, and New Zealand. We started, or made the decision to start, four registration trials and received one line extension. One new product candidate already in clinical development was in-licensed, and we in-licensed or acquired another eight research and preclinical projects. We plan in 2001 to begin five new product-registration and label-extension trials and file two new-product or label-extension applications in the U.S. and other countries. Also, we continue aggressive efforts to acquire product opportunities from outside Amgen.

Goal four was to strengthen our organization capabilities and help our staff grow professionally. We did this with the addition of Roger Perlmutter, MD, PhD, as executive vice president of Research and Development and George Morrow as executive vice president of Worldwide Sales and Marketing. Roger Perlmutter formerly was executive vice president of Worldwide Basic Research and Preclinical Development for Merck Research Laboratories. George Morrow formerly was president and CEO of GlaxoWellcome, North America. We also hired several additional executives with broad industry experience in research and development at the vice president level.

Despite these additions, we have more work to do in the area of developing our staff. The Executive Committee is focusing more time and effort on this issue than ever before, and I expect to be able to report significant progress on this

Accomplishments

- Received favorable judgement in patent litigation relating to erythropoietin
- Completed a phase 3 clinical trial in Europe of ARANESP™ (darbepoetin alfa) in patients with solid tumors and anemia
- Completed phase 3 clinical trials for abarelix-depot in patients with prostate cancer, and the license application was submitted to the FDA
- Successfully completed phase 3 clinical trials of SD:01 in patients with cancer
- Submitted the license application in Europe for IL-1ra in patients with rheumatoid arthritis
- In-licensed epratuzumab, a monoclonal antibody that may be a potential treatment for patients with non-Hodgkin's lymphoma
- Enhanced our small molecule capabilities through the acquisition of Kinetix
- Sales and Marketing teams prepared for the launch of ARANESP™ and other late-stage product candidates
- Received FDA licensing of our Longmont, Colorado, manufacturing facility

front in next year's annual report. Another area in which we need to make greater progress is diversity. We have made some progress—for example, we now have eight women vice presidents, up from three a year ago. But we are redoubling our efforts and taking a more broad-based and energetic approach to fully tap the potential of the widest range of possible contributors to Amgen's work. We are committed to making advances in this area.

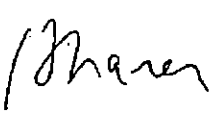
Our fifth goal was to be successful in the Aventis/TKT erythropoietin patent litigation. We won in the U.S. District Court thanks to a magnificent effort by our legal team, led by General Counsel Steve Odre and Vice President of Intellectual Property Stuart Watt. This successful defense of our intellectual property was important, not only for Amgen but for our entire industry.

Goal six was to deliver on our short-term financial promises and, at the same time, invest wisely for the future. Amgen has an outstanding record in providing value to shareholders, and we are working hard to continue to deliver. We achieved our profit targets in 2000 even though U.S. NEUPOGEN® sales were somewhat short of expectations. NEUPOGEN® is used in support of patients undergoing chemotherapy, and some changes in chemotherapy usage patterns have resulted in less NEUPOGEN® usage in those settings. However, overall, more patients than ever are receiving NEUPOGEN®, and we expect NEUPOGEN® sales to grow this year.

As I write this letter today, Amgen's stock price has grown by 12 percent in the last twelve months while stocks in general have performed worse, with the S&P 500 declining by 13 percent. As we now prepare to launch ARANESP™, I recall the historic day in December 1998 when arbitrators affirmed Amgen's exclusive rights to ARANESP™. Since that day, Amgen's stock price has increased by 195 percent versus the performance of the S&P 500, which increased by 1 percent.

Looking forward, sales and earnings are expected to accelerate beginning in 2001, fueled by new product launches. By 2005, five or more new products may be launched that could drive product sales to the $8 to 9 billion range.

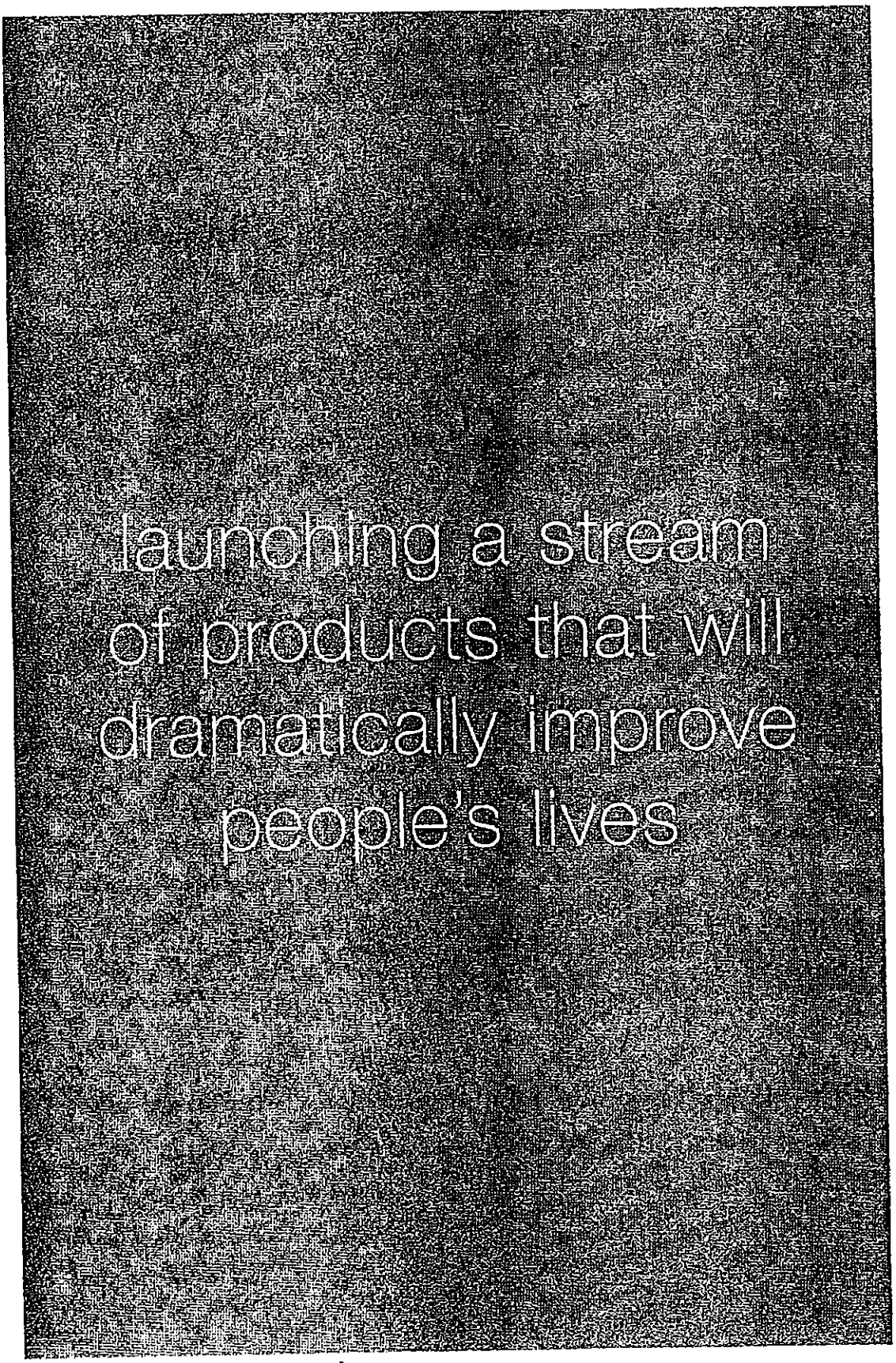
Don Rice and Paul Reason recently joined our board, bringing a wealth of industry and government experience. At the same time, Gordon Binder, our CEO from October 1988 to May 2000, has retired and left our board. Gordon's dedication to the company and our purpose was unmatched, and all the people at Amgen deeply appreciate his tireless efforts and the extraordinary results Amgen achieved under his leadership.

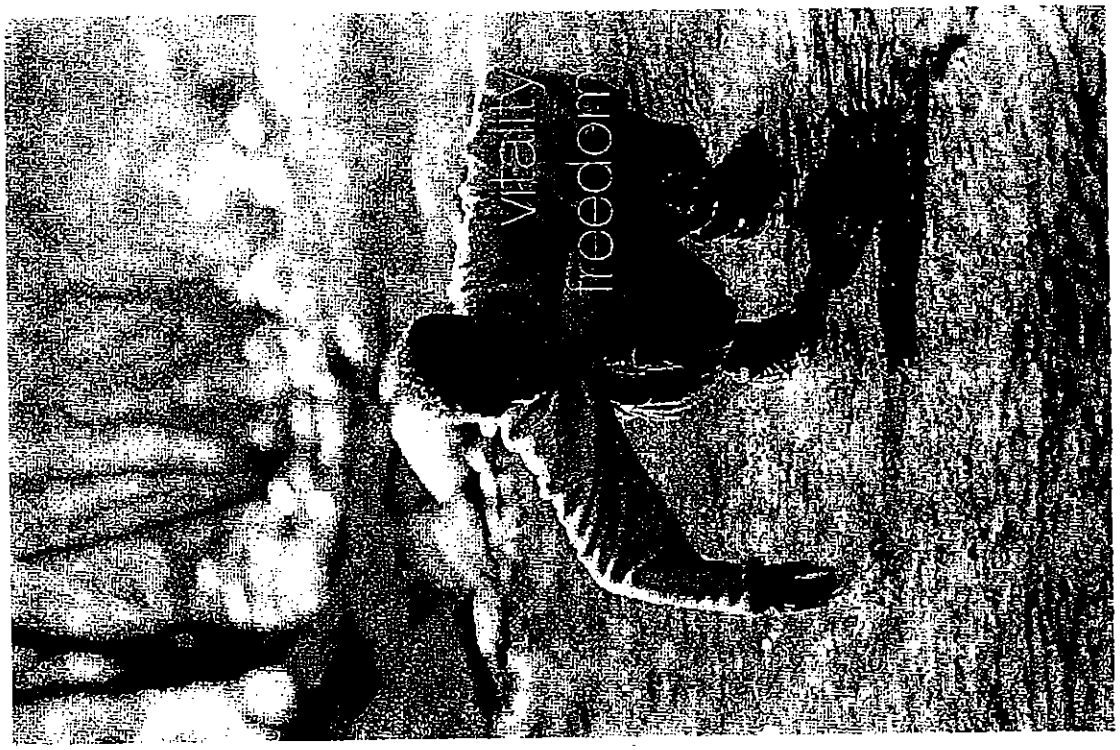


Kevin W. Sharer

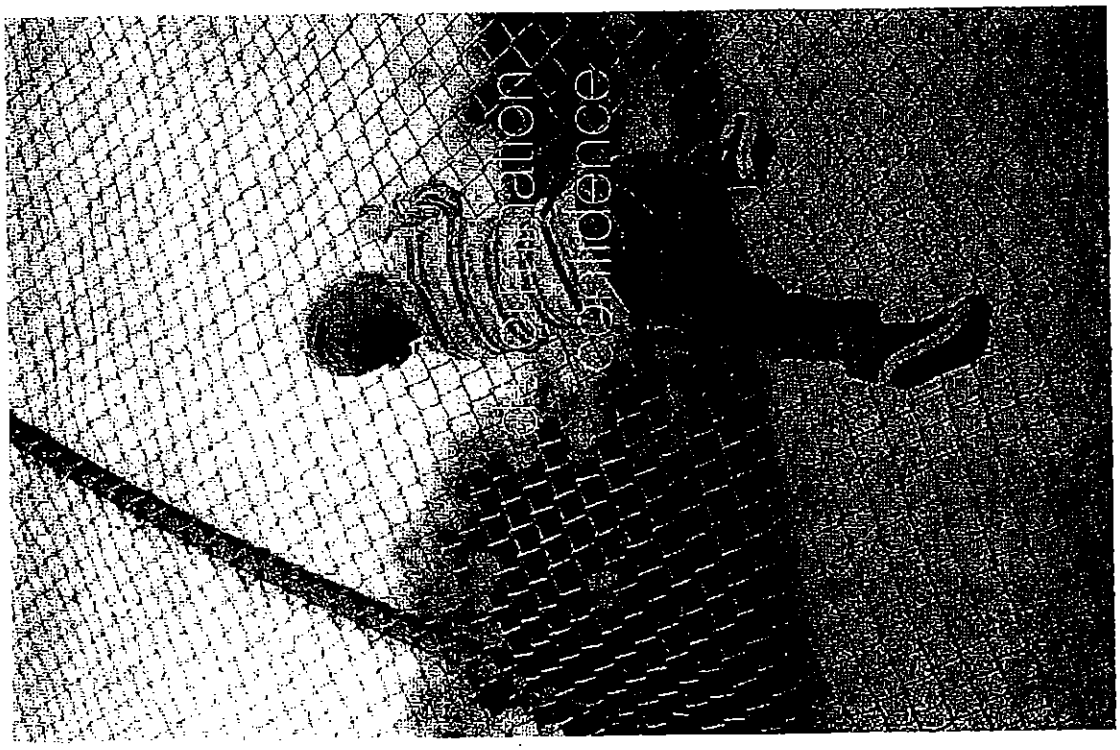
Chairman,
Chief Executive Officer,
and President

March 13, 2001


launching a stream
of products that will
dramatically improve
people's lives


vitality
freedom


chronic
disease


Education
Experience


Cancer

indepe
lence
agility

rheumatoid
arthritis

CHRONIC KIDNEY DISEASE

EPOGEN® (Epoetin alfa)
End-Stage Renal Disease Patients
Anemia

It is believed that more than 3 million people in the United States have signs of chronic kidney disease. The approximately 250,000 of these people whose disease has progressed to kidney failure must undergo regular dialysis treatments to remove wastes from their blood. These patients have a condition known as end-stage renal disease (ESRD).

Nearly 12 years ago, Amgen's first product, EPOGEN®, revolutionized the treatment of anemia for ESRD patients undergoing dialysis. EPOGEN® supplements dialysis patients' inadequate supply of erythropoietin, a protein produced by the kidneys to stimulate oxygen-carrying red blood cell supply. Appropriate anemia management lessens fatigue, improves cognitive and physical functioning, and has allowed many dialysis patients to regain the vitality and freedom to participate more actively in life, without the need for blood transfusions.

Amgen's late-stage product candidate, ARANESP™ (darbepoetin alfa), may represent an important advance for anemic patients with chronic kidney disease. Through molecular engineering, Amgen scientists developed ARANESP™ to permit less-frequent dosing than EPOGEN®.

Just as important, because we have retained exclusive rights for ARANESP™, Amgen may be able to work with doctors earlier to help simplify anemia management for many more patients in the U.S. and around the world. If approved by regulatory agencies, doctors may start treating anemia from chronic kidney disease with ARANESP™ early in the disease's progression, before patients require dialysis treatment. This early stage of kidney disease is known as chronic renal insufficiency (CRI).

Of the more than 3 million patients with chronic kidney disease in the U.S., more than 1 million patients have CRI, and 350,000 of these patients with CRI could be anemic. Only a small proportion of these patients are treated for their anemia, despite a growing awareness that when there are fewer circulating red blood cells the heart has to work harder and that this condition may result in cardiovascular disease. The potential benefit of less frequent dosing may allow more of these patients to have their anemia treated.

Amgen is now introducing a program called the Renal Anemia Management Period (RAMP) to nephrologists, the doctors who manage kidney disease patients. RAMP helps doctors identify anemic patients with CRI sooner and manage their anemia earlier. Additionally, Amgen is supporting the development of guidelines by the National Kidney Foundation for the treatment of all stages of kidney disease—the Kidney Disease Outcomes Quality Initiative (KDOQI). We believe that earlier treatment of anemia could have important benefits for patients.

A further complication for patients with chronic kidney failure is the development of secondary hyperparathyroidism. In patients with this condition, the parathyroid glands detect low levels of calcium and increase production of parathyroid hormone (PTH)—the most important regulator of body calcium. Abnormally high levels of PTH may result in many complications, including weak bones and abnormal calcium deposits in blood vessels and other soft tissues.

Amgen's calcimimetics program may offer benefits to patients with chronic kidney disease and secondary hyperparathyroidism. Encouraging data from phase 2 studies, published in the past year, suggest that treatment with small-molecule calcimimetics results in dose-dependent decreases in PTH levels and may provide effective reduction of calcium levels.

Amgen is proud to be developing and delivering important therapeutics to growing numbers of patients worldwide and is dedicated to remaining at the forefront of renal care.

Dr. Allen Nissenson, MD
Professor of Medicine, Director, Dialysis Program
UCLA School of Medicine
Chair, Amgen Nephrology National Advisory Board

"The best way to illustrate the remarkable breakthrough for dialysis patients that EPOGEN® has been is to relate a story about one of my patients.

Congenital malformations in his urinary tract led to kidney failure when he was 14. He then started hemodialysis. Two years later he received a cadaveric kidney transplant. But after one year of slow rejection, he returned to hemodialysis. At age 19, he moved to Los Angeles and was struggling to graduate from high school. On top of kidney failure, he was severely anemic. Without blood transfusions his hemoglobin was 7.0-8.0 g/dL; twice that level would have been normal for his age. To have enough energy to go to school and concentrate on his work, he required two to three blood transfusions monthly. Even with these, his hemoglobin rarely was higher than 10 g/dL.

In 1986 he agreed to participate in the phase 3 clinical trial with Epoetin alfa. Within 12 weeks of starting, his hemoglobin was 12 g/dL, and he said he felt as well as he had before his kidneys failed. He has since received no blood transfusions, although he has continued with hemodialysis. In 1991 he had hip replacement surgery to repair damage done by the high doses of steroids he had received during his kidney transplant experience. Prior to surgery, he donated two units of his own blood, to be held in the blood bank. What a remarkable reversal—from requiring blood transfusions just to get by to donating his own blood prior to surgery! His hip replacement was successful. He went on to get his bachelor's degree in accounting and is now a practicing CPA. Just last year he was married.

This story illustrates the huge contribution EPOGEN® has made to the lives of kidney patients. ARANESP™, by requiring less frequent administration, may be another significant step forward in the treatment of anemia in patients with kidney disease."

CANCER

NEUPOGEN® (Filgrastim)
Chemotherapy Patients
Neutropenia

Each year, more than 1 million people are diagnosed with cancer in the United States alone. Since 1991, Amgen's NEUPOGEN® has helped patients with cancer undergoing myelosuppressive chemotherapy battle one of the treatment's serious possible side effects—a reduction in white blood cells called neutrophils. Neutropenia—the resulting condition—can lead to infection and to delays in chemotherapy delivery. In the past year, Amgen made significant progress with three additional product candidates that may lessen some of the serious side effects associated with chemotherapy treatment.

Pivotal clinical trials of SD/01 were completed in women with breast cancer. This innovative product candidate is a sustained duration form of NEUPOGEN®. If approved by regulatory agencies, SD/01 may benefit patients by permitting less-frequent dosing than the current daily dosing of NEUPOGEN®. SD/01 may be effective given as infrequently as once per cycle of myelosuppressive chemotherapy. Chemotherapy cycles are often scheduled every three to four weeks. As a result, patients may benefit from protection from infections, as manifested by fever and neutropenia.

ARANESP™ (darbepoetin alfa), in addition to its potential use in kidney disease treatment, is being evaluated for treatment of cancer-related anemia. Many patients with cancer suffer from anemia. This anemia may be caused by the cancer itself or may be a side effect of chemotherapy. Phase 2 clinical trials suggest that treatment with ARANESP™ of patients with cancer-related anemia may be effective given once weekly or once every three weeks.

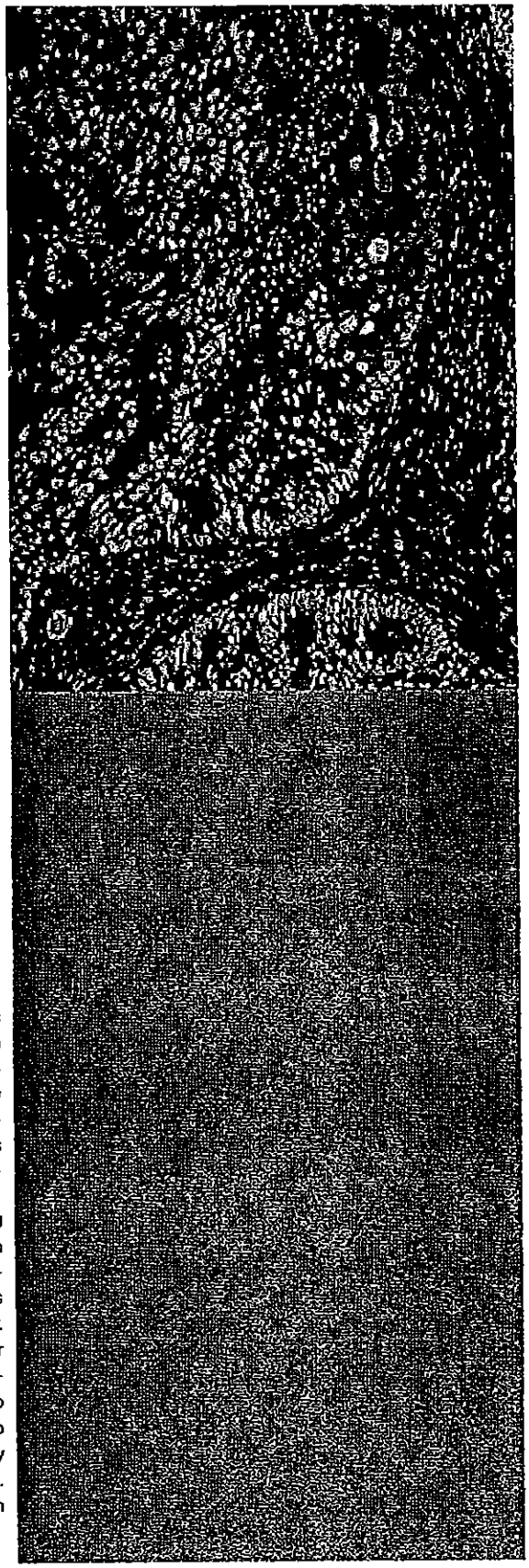
Cancer treatments such as chemotherapy and radiotherapy are also often toxic to the mucosal cells lining the mouth and the gastrointestinal tract, resulting in ulceration of the mucosal lining—mucositis. This condition results in painful sores in the mouth and along the length of the gastrointestinal tract that may prevent patients from eating. Patients frequently require pain medication and have reduced quality of life. Another of Amgen's product candidates, keratinocyte growth factor (KGF), is a recombinant form of a naturally-occurring growth factor that stimulates the development of mucosal cells. Early clinical trials suggest KGF may offer benefit for patients who experience mucositis following chemotherapy and radiotherapy.

Amgen is now broadening its cancer franchise to include the discovery and development of novel cancer therapeutics to target and eradicate tumor cells.

Abarelix-depot, the first long-acting gonadotrophin-releasing hormone antagonist, is a potential cancer therapeutic that Amgen licensed from Praecis Pharmaceuticals in 1999. Researchers from Amgen and Praecis are collaborating on the development of abarelix-depot to treat men with prostate cancer, aiming to limit cancer cell stimulation by lowering testosterone levels. Abarelix-depot is currently under regulatory review for the treatment of patients with prostate cancer and also is being studied in women with endometriosis, a commonly occurring, painful, and potentially debilitating pelvic disorder affecting women of childbearing age.

In the past year, Amgen licensed a novel cancer therapeutic antibody, epratuzumab, from Immunomedics. Epratuzumab is currently being evaluated for its ability to treat indolent (low grade) and aggressive non-Hodgkin's lymphoma (NHL). In NHL, cells in the lymphatic system become abnormal. NHL can start in any of the many parts of the body where there is lymphatic tissue and spread to almost any part of the body.

These efforts illustrate Amgen's continued dedication to improving the lives of patients with cancer.



Colorized micrograph of colon cancer, prepared following surgical resection.

Bob Radinsky, PhD
Preclinical Cancer Researcher
Amgen

"Amgen is committed to turning the unprecedented possibilities of science into the realities of therapeutic cancer treatment. It's a commitment supported by Amgen's substantial resources in areas ranging from exploratory research and cancer biology to clinical oncology and development. Fulfilling Amgen's aspiration to be the best human therapeutics company demands more than the success we have had in cancer supportive care. It demands that we produce solutions that make us the therapeutic partner of choice in cancer treatment. This is why I recently left academia to join Amgen.

Amgen uses a broad spectrum of approaches to develop cancer therapeutics, including small molecule, antibody, and protein approaches. Supporting this work, the company has made major investments in genomics, proteomics, gene expression analysis, small molecule science, antibody technologies, and kinase biology. Our researchers work closely with Amgen's preclinical and clinical oncology groups to expedite the development of novel cancer therapies. All researchers likewise support the in-licensing of exciting new cancer therapeutic candidates.

Before joining Amgen, I worked for 11 years as a tenured cancer researcher at the University of Texas M.D. Anderson Cancer Center. My work there focused on host/tumor interactions mediating tumor cell survival, growth, and angiogenesis during the spread of cancer cells to distant organs in the body.

The opportunity to continue my translational cancer research at a science-based company with a clear commitment to targeted cancer therapeutics was, simply, too great to pass up. As a PhD molecular and cellular cancer biologist who has worked in all aspects of cancer research (from laboratory bench to bedside), I have sworn to helping patients first. Working at Amgen, I believe I can help more patients than in any other way."

RHEUMATOID ARTHRITIS

More than 6 million people worldwide have rheumatoid arthritis (RA), a systemic disease that commonly involves inflammation of small joints with bone and cartilage destruction. This course of the disease eventually may lead to disability and decreased life expectancy.

In RA, the inflamed joint lining may invade and damage bone and cartilage, while inflammatory proteins stimulate the release of enzymes that actually digest bone and cartilage. This results in loss of shape and alignment of the joint, pain, and reduced mobility. X-rays of patients with rheumatoid arthritis show that the most rapid deterioration of joint function often occurs within the first few years of the disease, leaving a small window of opportunity for intervention before irreversible damage may occur.

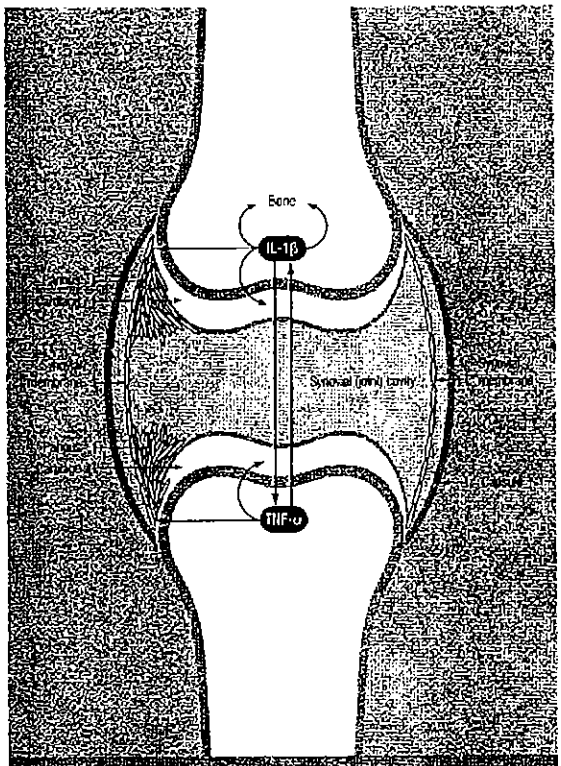
Though joint erosion can begin early in RA, more than half the people with this debilitating disease are undiagnosed or not seeking treatment. While there is no cure for this disease, doctors traditionally have used drugs originally developed for use in other therapeutic areas—such as cancer treatment and organ transplantation—to reduce swelling, alleviate pain and stiffness, and preserve joint function for patients with RA. Still, there remains a clear unmet medical need. Many doctors say that now is a promising time to be treating patients with RA given the potential of new biological therapies. Nonetheless, fewer than 10 percent of patients with RA receive these newer drugs, and many may suffer the progression of RA.

Cytokines are proteins that deliver chemical messages among cells. Cytokines activate immune responses to fight off infections and decrease tissue injury and cell death. But in patients with RA, there is persistent activation of the immune system, which leads to an overabundance of certain cytokines that induce structural damage and inflammation. The two key cytokines in RA are Interleukin-1 (IL-1) and Tumor Necrosis Factor-alpha (TNF-α). These two cytokines act together to induce production of other cytokines and enzymes that cause much of RA's pain, swelling, and destruction. Preclinical studies have demonstrated that IL-1 plays the dominant role in bone and cartilage destruction. Additionally, clinical evidence has shown that patients with bone erosion have higher levels of IL-1 in their joints. Amgen has two potential candidates in development to block each of these cytokines.

Anakinra, a recombinant form of naturally-occurring IL-1 receptor antagonist (IL-1ra, a protein the body produces to regulate IL-1) is the most advanced product candidate. Clinical studies suggest that by binding to IL-1 receptors, anakinra appears to interfere with the action of excess IL-1 and may help regulate the inflammatory imbalance between IL-1 and IL-1ra. Clinical trials suggest that anakinra may reduce the progression of joint destruction in patients with RA. Long-term studies also suggest that patients who continue on anakinra for longer periods may have a further slowing in the rate of disease progression. Amgen has submitted regulatory files for the approval of anakinra for the treatment of rheumatoid arthritis patients around the world.

Amgen's second product candidate for RA, soluble TNF-receptor type I (sTNF-RI), is in early studies to assess its effectiveness in blocking the impact of TNF-α in patients with RA. Another clinical trial is evaluating the effectiveness of anakinra and sTNF-RI together in treating patients with RA.

Amgen is committed to advancing the science of rheumatology and hopes to soon offer an important new treatment to improve the lives of people affected by the serious and debilitating disease of rheumatoid arthritis.



Activity of IL-1β and TNF-α as proinflammatory cytokines in rheumatoid joints.

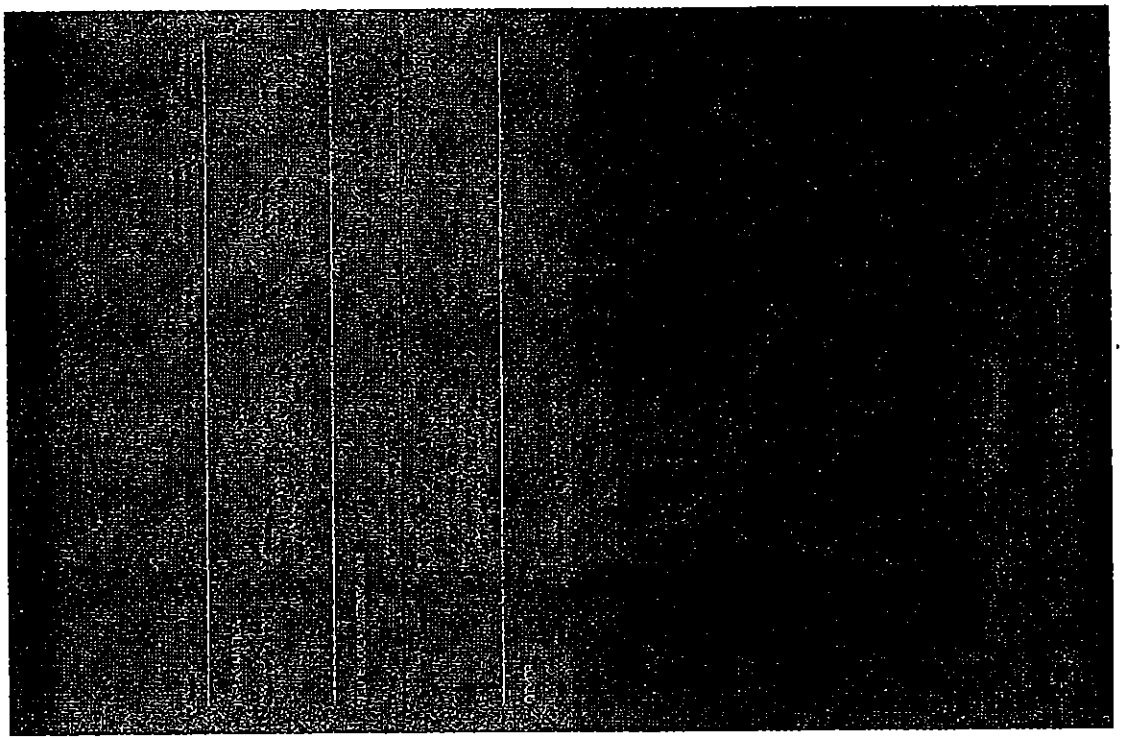
Wim B. van den Berg, PhD
Inflammation Researcher
University Medical Center
Nijmegen, The Netherlands

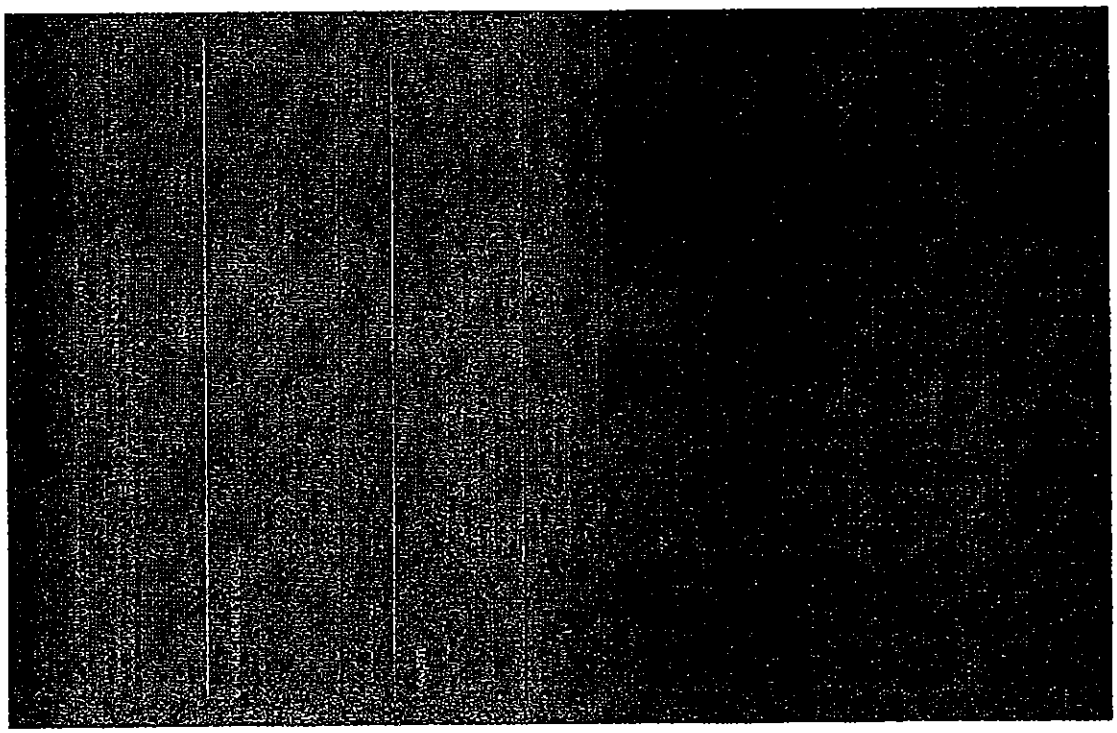
"As an inflammation researcher, I am convinced of the promise of a new therapy that targets and selectively blocks interleukin-1 (IL-1). This therapy may provide improved therapeutic impact in RA patients whose inflamed joints produce increased levels of this cytokine that drives the devastating joint erosion of the disease.

The potency of therapy with Amgen's product candidate, anakinra, a recombinant form of naturally-occurring interleukin-1 receptor antagonist (IL-1ra), has been consistently shown in arthritis models. In preclinical studies, reaching sufficient levels of IL-1ra appears to block progression of joint inflammation and fully prevent activation of erosive enzymes, called metalloproteinases, and the resulting cartilage destruction. Moreover, results from studies in RA patients suggest that treatment with IL-1ra may reduce joint erosion.

Studies also suggest that IL-1 is more potent than another cytokine involved in RA, TNF-α, in inducing cartilage and bone erosion. It appears that IL-1 is a critical mediator in TNF-driven arthritis, since IL-1 blocking appears to fully prevent TNF-induced pathology. In addition, IL-1 production that occurs independently of TNF-α is seen in many forms of arthritis. Further preclinical studies also suggest that erosive arthritis cannot be induced in IL-1 deficient mice, in contrast to findings in TNF-deficient mice. However, spontaneous destructive arthritis appears to occur in mice lacking IL-1 receptor antagonist (IL-1ra), illustrating that insufficient control of IL-1 by its natural inhibitor, IL-1ra, causes joint destruction.

To me, this is an exciting time in the science and treatment of rheumatoid arthritis when a significant and much needed advance may be met by blocking the devastating erosion caused by excess levels of IL-1 in the joints of RA patients."

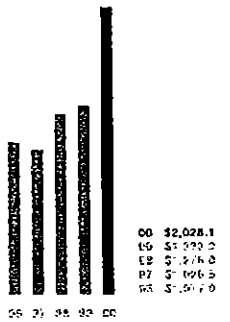




Liquidity and Capital Resources

The Company had cash, cash equivalents and marketable securities of $2,028.1 million at December 31, 2000, compared with $1,333.0 million at December 31, 1999. Cash provided by operating activities has been and is expected to continue to be the Company's primary source of funds. In 2000, operations provided $1,634.6 million of cash compared with $1,226.9 million in 1999.

Cash, Cash Equivalents and Marketable Securities
($ in millions)



Capital expenditures totaled $437.7 million in 2000 compared with $304.2 million in 1999. The Company anticipates spending approximately $450 million to $550 million in 2001 on capital projects and equipment to expand the Company's operations.

The Company receives cash from the exercise of employee stock options and proceeds from the sale of stock by Amgen pursuant to the employee stock purchase plan. In 2000, employee stock option exercises and proceeds from the sale of stock by Amgen pursuant to the employee stock purchase plan provided $333.7 million of cash compared with $248.8 million in 1999. Proceeds from the exercise of employee stock options will vary from period to period based upon, among other factors, fluctuations in the market value of the Company's stock relative to the exercise price of such options.

The Company has a stock repurchase program primarily to reduce the dilutive effect of its employee stock option and stock purchase plans. In 2000, the Company repurchased 12.2 million shares of its common stock at a total cost of $799.9 million, and in 1999, the Company repurchased 27.1 million shares of common stock at a cost of $1,024.7 million. In December 2000, the Board of Directors authorized the Company to repurchase up to $2 billion of common stock between January 1, 2001 and December 31, 2002. The amount the Company spends on and the number of shares repurchased each quarter varies based on a variety of factors, including the stock price and blackout periods in which the Company is restricted from repurchasing shares.

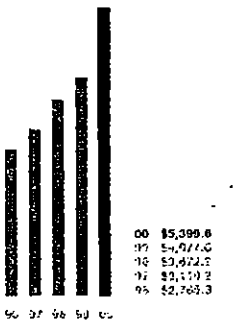
To provide for financial flexibility and increased liquidity, the Company has established several sources of debt financing. As of December 31, 2000, the Company had $223 million of unsecured long-term debt securities outstanding. These unsecured long-term debt securities consisted of: 1) $100 million of debt securities that bear interest at a fixed rate of 6.5% and mature in 2007 under a $500 million debt shelf registration (the "Shelf"), 2) $100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 and 3) $23 million of debt securities that bear interest at a fixed rate of 6.2% and mature in 2003. Under the Shelf, all of the remaining $400 million of debt securities available for issuance may be offered under the Company's medium-term note program with terms to be determined by market conditions.

The Company's sources of debt financing also include a commercial paper program which provides for unsecured short-term borrowings up to an aggregate face amount of $200 million. As of December 31, 2000, commercial paper with a face amount of $100 million was outstanding. These borrowings had maturities of less than two months and had effective interest rates averaging 6.7%. In addition, the Company has an unsecured $150 million credit facility that expires on May 28, 2003. This credit facility supports the Company's commercial paper program. As of December 31, 2000, no amounts were outstanding under this line of credit.

The primary objectives for the Company's investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return to the Company, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

The Company believes that existing funds, cash generated from operations and existing sources of debt financing are adequate to satisfy its working capital and capital expenditure requirements for the foreseeable future, as well as to support its stock repurchase program. However, the Company may raise additional capital from time to time.

Total Assets
($ in millions)



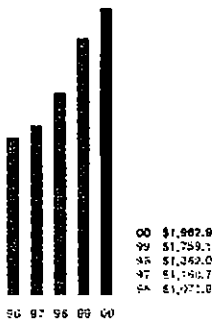
Results of Operations

Product Sales

Product sales were $3,202.2 million in 2000, an increase of $159.4 million or 5% over the prior year. In 1999, product sales were $3,042.8 million, an increase of $528.4 million or 21% over the prior year. Quarterly product sales are influenced by a number of factors, including underlying demand, wholesaler inventory management practices and foreign exchange effects.

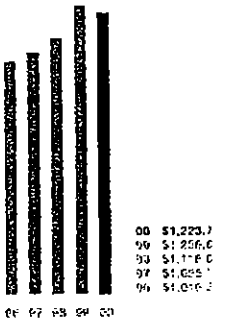
EPOGEN® (Epoetin alfa) EPOGEN® sales were $1,962.9 million in 2000, an increase of $203.8 million or 12% over the prior year. This increase was primarily due to higher demand, which was principally driven by growth in the U.S. dialysis patient population and to a lesser extent, the effect of higher prices. Sales in 2000 were adversely impacted by Year 2000-related sales to wholesalers in the fourth quarter of 1999 for which the Company provided extended payment terms and, the Company believes, by dialysis provider inventory drawdowns in 2000 of additional 1999 year-end stockpiling. The Company believes that some of this dialysis provider stockpiling may have been due to Year 2000 concerns and year-end contract expirations. In 1999, EPOGEN® sales were $1,759.1 million, an increase of $377.1 million or 27% over the prior year. This increase was primarily due to higher demand, principally driven by the administration of higher doses and growth in the U.S. dialysis patient population. The administration of higher doses of EPOGEN® was principally due to dialysis providers managing more patients into the hematocrit range of 33 to 36 percent as recommended by the Dialysis Outcomes Quality Initiative, as well as the use of hemoglobin instead of hematocrit to measure red blood cell volume.

EPOGEN® Sales
($ in millions)

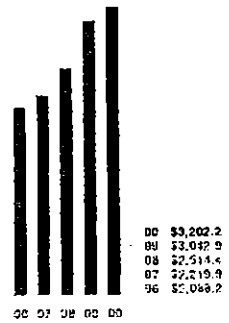


NEUPOGEN® (Filgrastim) Worldwide NEUPOGEN® sales were $1,223.7 million in 2000, a decrease of $32.9 million or 3% from the prior year. This decrease was primarily due to the adverse impact of wholesaler buying patterns, including Year 2000-related sales to wholesalers in the fourth quarter of 1999 for which the Company provided extended payment terms, as well as adverse foreign exchange effects. The Company believes these factors were partially offset by a mid-single digit rate increase in demand, which includes the effect of higher prices in the U.S. In 1999, worldwide NEUPOGEN® sales were $1,256.6 million, an increase of $140.0 million or 13% over the prior year. This increase was primarily due to higher demand, which includes the effect of higher prices in the U.S., and the impact of approximately $29 million of Year 2000-related sales to wholesalers in the fourth quarter of 1999 for which the Company provided extended payment terms.

NEUPOGEN® Sales
($ in millions)



Total Product Sales
($ in millions)



Other Product Sales Other product sales primarily consist of INFERGEN® (interferon alfacon-1). INFERGEN® sales were $14.5 million in 2000, a decrease of $11.7 million or 45% from the prior year. In 1999, INFERGEN® sales were $26.2 million, an increase of $10.4 million or 66% over the prior year. INFERGEN® was launched in October 1997 for the treatment of chronic hepatitis C virus infection. There are other treatments, including combination therapy, for this infection against which INFERGEN® competes. The Company cannot predict the extent to which it will maintain its share or further penetrate this market.

Corporate Partner Revenues
In 2000, corporate partner revenues increased $84.8 million or 53% over the prior year. In 1999, corporate partner revenues increased $33.5 million or 26% over the prior year. These increases were primarily due to amounts earned from Kirin-Amgen, Inc. related to the development program for ARANESP™ (darbepoetin alfa), the Company's novel erythropoiesis stimulating protein.

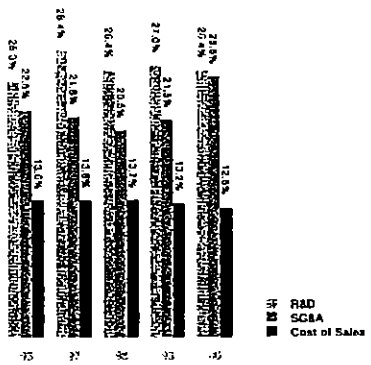
Cost of Sales
Cost of sales as a percentage of product sales was 12.8%, 13.2% and 13.7% for 2000, 1999 and 1998, respectively. The decreases in these percentages were primarily due to increased manufacturing efficiencies.

Research and Development
In 2000, research and development expenses increased $22.2 million or 3% over the prior year. This increase was primarily due to higher staff-related costs necessary to support ongoing research and product development activities and higher clinical trial costs. These increases were substantially offset by a reduction in clinical manufacturing and product licensing costs. In 1999, research and development expenses increased $159.5 million or 24% over the prior year. This increase was primarily due to product licensing and development costs related to the collaboration with PRAECIS PHARMACEUTICALS INCORPORATED and higher staff-related costs necessary to support ongoing research and product development activities.

Selling, General and Administrative

In 2000, selling, general and administrative ("SG&A") expenses increased $172.6 million or 26% over the prior year. This increase was primarily due to higher staff-related costs and outside marketing expenses as the Company continues to support its existing products and prepares for anticipated new product launches. In 1999, SG&A expenses increased $138.9 million or 27% over the prior year primarily due to higher staff-related costs and outside marketing expenses as the Company prepared for anticipated new product launches.

Selected Operating Expenses
(as a Percent of Product Sales)



Other Items, Net

Other items, net consisted of three non-recurring items: 1) legal awards associated with the spillover arbitration with Johnson & Johnson, 2) a write-off of acquired in-process research and development associated with the acquisition of Kinetix Pharmaceuticals, Inc. and 3) a charitable contribution to the Amgen Foundation. See Note 4 to the Consolidated Financial Statements.

Interest and Other Income

In 2000, interest and other income increased $57.9 million or 66% over the prior year. This increase was primarily due to gains realized on the sale of certain equity securities in the Company's portfolio and higher interest income generated from the Company's investment portfolio as a result of higher average cash balances and higher interest rates. In 1999, interest and other income increased $42.6 million or 93% over the prior year. This increase was principally due to the absence of write-downs recorded in 1998 of certain non-current assets, primarily marketable equity securities.

Income Taxes

The Company's effective tax rate was 32.0%, 30.0% and 29.5% for 2000, 1999 and 1998, respectively. The tax rate in all three years reflected the tax benefits from the sale of products manufactured in the Company's Puerto Rico manufacturing facility. The Company's tax rate has increased as a result of increased taxable income combined with a provision in the federal tax law that caps tax benefits associated with the Company's Puerto Rico operations at the 1995 income level. In addition, the 2000 tax rate increased as a result of the write-off of acquired in-process research and development, which is not deductible for tax purposes.

Financial Outlook

In December 1999 and early 2000, the Company filed regulatory submissions for the use of ARANESP™ in patients with chronic renal insufficiency and chronic renal failure in the U.S., the European Union, Canada, Australia and New Zealand. The Company anticipates selling ARANESP™, if approved, in most of these markets beginning in 2001. Because the Company is unable to predict the timing and the extent to which health care providers in the U.S. may transition from administering EPOGEN® to ARANESP™, 2001 sales guidance for EPOGEN® and ARANESP™ will be provided on a combined basis. The Company expects the percentage increase of 2001 sales of EPOGEN® and ARANESP™ combined over 2000 EPOGEN® sales to be in the range of high teens to low twenties. Patients receiving treatment for end stage renal disease are covered primarily under medical programs provided by the federal government. Therefore, EPOGEN® sales may also be affected by future changes in reimbursement rates or a change in the basis for reimbursement by the federal government. In addition, ARANESP™ sales will be affected by government and private payor reimbursement policies.

In 2001, the Company expects the NEUPOGEN® sales growth rate to be in the high single digits. The Company believes that there is a trend in some cancer settings towards the use of chemotherapy treatments that are less myelosuppressive. Chemotherapy treatments that are less myelosuppressive may require less NEUPOGEN®. Future NEUPOGEN® demand is dependent primarily upon penetration of existing markets and the effects of competitive products. NEUPOGEN® usage is expected to continue to be affected by cost containment pressures from governments and private insurers on health care providers worldwide. In addition, reported NEUPOGEN® sales will continue to be affected by changes in foreign currency exchange rates. In both domestic and foreign markets, sales of NEUPOGEN® are dependent, in part, on the availability of reimbursement from third party payors such as governments (for example, Medicare and Medicaid programs in the U.S.) and private insurance plans. Therefore, NEUPOGEN® sales may also be affected by future changes in reimbursement rates or changes in the bases for reimbursement.

INFERGEN® (interferon alfacon-1) was launched in October 1997 for the treatment of chronic hepatitis C virus infection. There are other treatments, including combination therapy, for this infection against which INFERGEN® competes. The Company cannot predict the extent to which it will maintain its share or further penetrate this market.

For 2001, total product sales are expected to grow in the mid to high teens, cost of sales is expected to be in the range of 11.5% to 12.5% of total product sales, corporate partner revenues are expected to be approximately the same as in 2000, research and development expenses and SG&A expenses are each estimated to be in the range of 25% to 27% of total product sales, the effective tax rate is expected to be approximately 34%, and earnings per share is expected to grow in the mid teens.

Estimates of future product sales, operating expenses and earnings per share are necessarily speculative in nature and are difficult to predict with accuracy.

Except for the historical information contained herein, the matters discussed herein are by their nature forward-looking. Investors are cautioned that forward-looking statements or projections made by the Company, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Reference is made in particular to forward-looking statements regarding product sales, earnings per share and expenses. Amgen operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. Future operating results and the Company's stock price may be affected by a number of factors, including, without limitation: (i) the results of preclinical and clinical trials; (ii) regulatory approvals of product candidates, new indications and manufacturing facilities; (iii) reimbursement for Amgen's products by governments and private payors; (iv) health care guidelines and policies relating to Amgen's products; (v) intellectual property matters (patents) and the results of litigation; (vi) competition; (vii) fluctuations in operating results and (viii) rapid growth of the Company. These factors and others are discussed herein and in the sections appearing under the heading "Business - Factors That May Affect Amgen" in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, which sections are incorporated herein by reference.